

LA PORTE CITY UTILITIES
INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENT
SUPPLEMENTARY AND OTHER INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2015

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La Porte City Utilities

Board of Trustees

(Before January 2015)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Jon Barz	Trustee - Chairman	September 2019
Tami Keune	Trustee – Secretary	September 2017
Dave Neil	Trustee	September 2015
Shawn Mehlert	Trustee	September 2015
Kathy Strubel	Office Manager	Indefinite

(After January 2015)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Jon Barz	Trustee - Chairman	September 2019
Tami Keune	Trustee – Secretary	September 2017
Shawn Mehlert	Trustee	September 2015
Kathy Strubel	Office Manager	Indefinite



James R. Ridihalgh, CPA
Gene L. Fuelling, CPA
Donald A. Snitker, CPA
Jeremy P. Lockard, CPA
Brent Waters, CPA

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Independent Auditor's Report

To the Board of Trustees of the
La Porte City Utility:

Report on the Financial Statement

We have audited the accompanying financial statement of the business type activities of the La Porte City Utilities, La Porte City, Iowa, as of and for the year ended June 30, 2015, and the related Notes to the Financial Statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Utility's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Utility's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the La Porte City Utilities as of June 30, 2015, and the changes in its cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

As described in Note 1, the financial statement was prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Emphasis of Matter

As disclosed in Note 4 to the financial statements, La Porte City Utilities adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statement. The supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statement. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement itself, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statement taken as a whole.

The other information, Management's Discussion and Analysis and the budgetary comparison information, the Schedule of the Utility's Proportionate Share of the Net Pension Liability and the Schedule of the Utility's Contributions on pages 7 through 11 and 23 through 28 has not been subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 27, 2016 on our consideration of La Porte City Utilities' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing

Standards in considering La Porte City Utilities' internal control over financial reporting and compliance.

Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.

RIDIHALGH, FUELLING, SNITKER, WEBER, & CO., P.C., C.P.A.'S

February 12, 2016

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MANAGEMENT DISCUSSION AND ANALYSIS

La Porte City Utilities provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. It is to be used in conjunction with the Utilities Annual Report, which follow.

BASIS OF ACCOUNTING

The Utilities has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a method of accounting other than generally accepted accounting principles. Basis of accounting is a reference as to *when* financial events are recorded. Under the modified cash basis of accounting, revenues and expenses and their related assets and liabilities are recorded when they result from cash transactions.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (*such as accounts receivable and revenue for billed or provided services not yet collected*); as well as certain liabilities and their related expenses (*such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities*) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

HOW TO USE THE ANNUAL REPORT

The items in the annual report consist of a series of financial statements and other information as follows:

Management's Discussion and Analysis

Introduces the basic financial statement and provides an analytical overview of the Utilities' financial activities.

Basic Financial Statement

Statement Cash Receipts, Disbursements and Changes in Cash Balance (Exhibit A)

Presents information on the Utilities' receipts and disbursements and whether the Utilities' cash basis financial position has improved or deteriorated as a result of the year's activities.

Notes to the Financial Statements

Provide additional information essential to a full understanding of the data provided in the basic financial statements.

Other Information

Further explains and supports the financial statement with a comparison of the Utilities' budget for the year and the Utilities' proportionate share of the net pension liability and related contributions.

Supplementary Information

Provide detailed information about the individual Enterprise Accounts. In addition, the Schedule of Indebtedness provides details of the Utilities' debt at June 30, 2015 and summarized bond repayment details. A multi-year comparison of the Utilities' revenues and disbursements as a whole is also provided.

BASIC FINANCIAL STATEMENT

- **Statement of Cash Receipts, Disbursements and Changes in Cash Balance** (Exhibit A)

The purpose of this statement is to present the receipts received by the Utilities and the disbursements paid by the utilities, both operating and non-operating. The statement also presents a fiscal snapshot of the Utilities' cash balances at year end. Over time, readers of the financial statement are able to determine the Utilities' financial position by analyzing the increase and decrease in cash balance. Detailed information for each fund is shown on Schedule 1 of the Supplementary Information section.

Ending cash basis fund balance is broken down into two groups. The Utilities' restricted cash balances are for the repayment of revenue bonds, reserve for equipment, and customer deposits. The Utilities' unrestricted cash balance is available for use in routine operations of the plant distribution and administrative areas of the Utilities and for capital improvements.

FINANCIAL HIGHLIGHTS

- The total revenues for all departments were \$2,568,274. This is a decrease of \$1,316,821, or approximately 51.27% decrease from the previous year's revenues.

The total disbursements for all departments were \$2,568,573. The decrease is \$1,048,748 or approximately 41% from the previous year's total expenses.

Projects: We completed a project to underground electrical service for 6th, 7th and 8th Street. Electrical service change out for the Co-op was also completed. Numerous breakages of water mains and valves (due to the age of the infrastructure) have been repaired and/or replaced. Installed several new fire hydrants due to the age of them

- Expenses exceeded revenues resulting in a loss of \$299. The ending fund balance on June 30, 2015 was \$1,779,510.
- According to our Bond Covenant, our Net Operating Revenues (Receipts less Operating Disbursements) for the electric department must be at least 120% of the year's scheduled Bond Payment. The Bond payment paid for FY2015 was \$140,000. For the year ended, Net Operating Revenues totaled \$246,759, exceeding the threshold of \$168,000. The electric rate increase implemented in June 2010 was designed to make sure we were able to meet this test.

A summary of cash receipts, disbursements and changes in cash balance for the years ended June 30, 2015 and June 30, 2014 is presented below:

	Year Ended June 30, 2015		
	2015	2014	\$ Difference
Program Receipts:			
Charges for Service:			
Electric	\$1,923,894	\$2,019,747	-\$95,853.
Water	\$573,067	\$559,779	13288.
Restricted Interest	\$0.00	\$764	0.00
General Receipts:			
Assigned Interest	\$	\$0	\$0
Unassigned Interest	\$2,032	\$1,405	627.
Miscellaneous	\$47,446	\$75,419	-\$27973.
Proceeds of Long Term Debt	\$2,055	\$1,226,816	-1,224,761.
	\$		
Total Receipts	2,548,494.	\$3,883,930	-1,335,436.
Disbursements:			
Operating Disbursements:			
Electric	\$1,718,921	\$1,789,957	-\$71,036.
Water	205,546	454,853	-\$249,307.
Cap Projects			
Debt Service	389,823	405,161	-\$15,338.
Diesel Engine 2013	0.00	840,534	\$0.
Non Major Funds	245,808	126,816	118,992.
Total Disbursements	\$2,170,275.	\$3,617,321	-\$1,447,046.
Increase (Increase) in Cash Balance	-\$299.	\$267,774	
Cash Basis Net Assets Beginning of Year	\$1,779,809	1,512,035	
Cash Basis Net Assets End of Year	\$1,779,510	\$1,779,809	

BUDGETARY HIGHLIGHTS

Over the course of the year, the Utilities amended its budget once. The amendment was approved in May 20, 2015. The amendment allowed for the following changes:

Electric department

Revenue:

Revenues remained fairly consistent to what was budgeted.

Expenses:

Increased due to a software program that was purchased and maintenance for the power plant building. Also additional purchases for the Co-op and 8th St project

Water department

Revenue:

Revenues remained fairly consistent to what was budgeted

Expenses:

Communication expense increased due to telephone service being added at the plant. Purchased a software program. Itron contract that was not budgeted for.

Debt Service Fund increased Transfer in and Expenditure for payment of Principal and Interest on Water Project Loan.

DEBT ADMINISTRATION

As of June 30, 2015 the Utilities had an obligation of \$3,952,945 in Revenue Bonds and Water Loan outstanding. The bonds were originally issued March 1, 2000 for \$1,465,000 and reissued in May, 2008 for \$885,000 to take advantage of lower interest rates. The 2008 Series bonds are scheduled to mature in 2015. The Utilities has also approved for a \$1,100,000 Electric Revenue Capital Loan Notes Series 2013, we will be paying interest only of this loan till the Series 2008 loan matures and is paid off in 2015. Balance of this loan is \$1,100,000.00. The State Revolving Loan Fund for a Capital Improvement Water System Project final amount is \$3,000,000.00, (D0179R) the project has been completed in 2014. The second State Revolving Loan for the Water Project, (D0245R) Final loan amount for \$377,425.55. Combined balance due as of June 30, 2015 \$2,852,945.

NEXT YEAR'S BUDGET AND RATES

The Utilities administration and Board members consider many factors when setting the Fiscal Year 2016-17 budget.

- According to our Bond Covenant, our projected Net Operating Revenues (Receipts less Operating Disbursements) for the Electric Department must be at least 120% of that year's scheduled Bond Payment. At the time of budgeting, the bond payment due in 2016 is \$130,000.00. That means we are required to have Net Operating Revenues in the Electric Department of at least \$156,000. As of the 2015 audited year, we show sufficient revenues to be able to make this test.
- The remaining items were budgeted fairly consistent compared to those of the 2015 fiscal year. There were minor increases to account for forecast increases in insurance and wages.
- Part of our Capital Plan includes setting monies aside each year for future purchases of capital assets. This was continued as part of the 2016 budget

CONTACTING THE UTILITIES FINANCIAL MANAGEMENT

This financial report is designed to provide our customers and creditors with a general overview of the Utilities finances and to show the Utilities are accountable for the money it receives. If you have questions about this report or need additional financial information, contact Kathy Strubel, La Porte City Utilities Office Manager, 403 Main Street, La Porte City, Iowa.

La Porte City Utilities

Financial Statement

La Porte City Utilities

Statement of Cash Receipts, Disbursements
and Changes in Cash Balance

As of and for the year ended June 30, 2015

Operating receipts:	
Charges for service	\$ 2,496,961
Miscellaneous	47,446
	<hr/>
Total operating receipts	2,544,407
	<hr/>
Operating disbursements:	
Business type activities	1,932,942
	<hr/>
Total operating disbursements	1,932,942
	<hr/>
Excess of operating receipts over operating disbursements	611,465
	<hr/>
Non-operating receipts (disbursements):	
Interest on investments	2,032
Rental Income	893
Debt proceeds	2,055
Grant proceeds	18,887
Debt service	(389,823)
Capital Outlay	(245,808)
	<hr/>
Total non-operating receipts (disbursements)	(611,764)
	<hr/>
Change in cash balances	(299)
	<hr/>
Cash balances beginning of year	1,779,809
	<hr/>
Cash balances end of year	\$ 1,779,510
	<hr/>

Cash Basis Fund Balances

Restricted for:	
Debt service	\$ -
Reserve account	448,046
Customer deposits	9,880
	<hr/>
Total restricted cash basis fund balance	457,926
Unrestricted	1,321,584
	<hr/>
Total cash basis fund balances	\$ 1,779,510
	<hr/>

See notes to financial statements

La Porte City Utilities

Notes to Financial Statements

June 30, 2015

(1) Summary of Significant Accounting Policies

A. Reporting Entity

The La Porte City Utilities is a component unit of the City of La Porte City, Iowa, as determined by criteria specified by the Governmental Accounting Standards Board. The Utility is a legally separate organization, which has the authority to modify and approve its budget, modify and approve its rates, and is not dependent on any other organization. The Utilities' trustees are appointed by the mayor of the City of La Porte City, and they are approved by the City Council.

For financial reporting purposes, the La Porte City Utilities has included all funds.

B. Basis of Presentation

The accounts of the Utility are organized as an Enterprise Fund. Enterprise Funds are utilized to finance and account for the acquisition, operation and maintenance of governmental facilities and services supported by user charges.

C. Basis of Accounting

The Utility maintains its financial records on the basis of cash receipts and disbursements and the financial statement of the Utility is prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statement does not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

D. Fund Balance

Funds are set aside for bond principal and interest payments and customer water deposits are classified as restricted.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information.

(2) Cash and Pooled Investments

The Utility's deposits in banks at June 30, 2015 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Utility is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board

of Trustees; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The Utility held investments in a credit union which are valued at \$37,140 and are collateralized with letters of credit held by the Utility in accordance with Chapter 12C of the Code of Iowa.

In addition, the Utility had investments in the Iowa Public Agency Investment Trust, which are valued at an amortized cost of \$49,805 pursuant to Rule 2a-7 under the Investment Company Act of 1940 and are not subject to risk categorization.

(3) Revenue Bonds and Loans Payable

Annual debt service requirements to maturity for revenue notes are as follows:

Year Ending June 30,	Interest	Principal	Total
2016	\$105,215	270,000	375,215
2017	99,590	274,000	373,590
2018	93,520	278,000	371,520
2019	87,005	287,000	374,005
2020	79,945	298,000	377,945
2021-2025	278,810	1,300,000	1,578,810
2026-2030	122,300	1,006,000	1,128,300
2031-2032	7,103	62,000	69,103
Total	<u>\$873,490</u>	<u>3,955,000</u>	<u>4,828,490</u>

On August 25, 2010 the Utility was awarded Water Revenue Capital Loan Notes, Series 2010 through the Iowa State Revolving Fund Loan Program. The Utility was authorized to disburse up to \$3,000,000 from these notes, the purpose of which are for paying costs associated with acquisition, construction, reconstruction, extending, remodeling, improving, repairing and equipping the La Porte City Municipal Water Utility. As of June 30, 2015 a total of \$3,000,000 had been disbursed from the Loan Notes. Principal payments of \$120,000 and \$79,890 of interest payments were made during the year.

On July 11, 2012 the Utility was awarded Water Revenue Capital Loan Notes, Series 2012 through the Iowa State Revolving Fund Loan Program. The Utility was authorized to disburse up to \$600,000 from these notes, the purpose of which are for paying costs associated with acquisition, construction, reconstruction, extending, remodeling, improving, repairing and equipping the La Porte City Municipal Water Utility. As of June 30, 2015 a total of \$375,370 had been disbursed from the Loan Notes. Principal payments of \$15,425 and \$5,723 of interest payments were made during the year. A preliminary loan amortization payoff schedule has been created and will change as more funds are disbursed.

On July 10, 2013 the Utility was awarded Electric Revenue Capital Loan Notes, Series 2013. The Utility was authorized to disburse up to \$1,100,000 from these notes, the purpose of which are for paying costs associated with acquisition, construction, reconstruction, extending, remodeling, improving, repairing and equipping the La Porte City Municipal Water Utility. As of June 30, 2015 a total of \$1,100,000 had been

disbursed from the Loan Notes. No principal payments were made and \$23,465 of interest payments were made during the year.

The resolutions providing for the issuance of the revenue notes include the following provisions.

- (a) The notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the funds.
- (b) Sufficient monthly transfers shall be made to a separate electric revenue bond sinking account within the Enterprise Funds for the purpose of making the note principal and interest payments when due.
- (c) Additionally, a reserve account within the Enterprise Funds shall be maintained. This account is restricted for the purpose of paying for any additional improvements, extensions or repairs to the system.

(4) Pension Plan

Plan Description - IPERS membership is mandatory for employees of the Utility, except for those covered by another retirement system. Employees of the Utility are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects

of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the Utility contributed 8.93 percent for a total rate of 14.88 percent.

The Utility's contributions to IPERS for the year ended June 30, 2015 were \$28,266.

Collective Net Pension Liabilities, Collective Pension Expense, and Collective Deferred Outflows of Resources and Collective Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the Utility's liability for its proportionate share of the collective net pension liability totaled \$188,018. The collective net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of that date. The Utility's proportion of the collective net pension liability was based on the Utility's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the Utility's proportion was 0.004741 percent, which was a decrease of 0.0003564 percent from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015 the Utility's collective pension expense, collective deferred outflows and collective deferred inflows totaled \$14,073, \$10,341 and \$71,705 respectively.

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the City's proportion was 0.0057056 percent, which was a decrease of 0.0001087 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015 the City collective pension expense, collective deferred outflows and collective deferred inflows totaled \$24,215, \$14,851 and \$145,965 respectively.

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00 percent per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	<u>100%</u>	

pension liability calculated using the discount rate of 7.5 percent, as well as what the Utility's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease 6.5%	Discount Rate 7.5%	1% Increase 8.5%
Utility's proportionate share of the net pension liability	\$355,256	\$188,018	\$46,853

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

(5) Other Postemployment Benefits (OPEB)

Plan Description - The Utility operates a single-employer benefit plan which provides medical/prescription drug benefits for employees and retirees. There are 5 active and 1 retired members in the plan. Participants must be age 55 or older at retirement to be eligible.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 would pay the full cost of the premium for the medical/prescription drug benefits.

Funding Policy - The contribution requirements of plan members are established and may be amended by the Utility. The Utility pays for 100% of the monthly premiums for active employees. For the year ended June 30, 2016, the Utility paid \$59,740 on behalf of active employees and \$11,990 for the retired employee, which was reimbursed to the Utility from the retired employee.

(6) Compensated Absences

Utility employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the Utility until used or paid. The Utility's approximate liability for earned compensated absences payable employees at June 30, 2015 is \$16,317. This liability has been computed based on rates of pay in effect at June 30, 2015.

(7) Intrafund Transfers

The detail of intrafund transfers for the year ended June 30, 2015 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Electric	\$ 169,785
	Water	<u>228,513</u>
		<u>398,298</u>
Capital Improvement Reserve	Electric	50,000
	Water	<u>6,000</u>
		<u>56,000</u>
Water	Capital Improvement Reserve	<u>83,026</u>
Total		\$ <u>537,324</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

(8) Lease Purchase Agreements

The Utility entered into a lease purchase agreement for equipment on July 15, 2015. The agreement calls for monthly lease payments of \$3,405 for 48 months with a \$1 option to purchase at the end of the lease term. The amount paid for the fiscal year ended June 30, 2015 was \$34,050. Future payments are scheduled as follows:

<u>Year Ending</u>	<u>Amount</u>
<u>June 30,</u>	
2016	\$ 40,860
2017	40,860
2018	40,860
2019	<u>6,810</u>
Total	\$129,390

(9) Risk Management

The Utility is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The Utility assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(10) Contracts and Commitments

At June 30, 2015, the Utility had an outstanding contract with the Iowa Department of Transportation for \$375,000 on an old Commercial Street project.

(11) Subsequent Events

There were no subsequent events through February 12, 2016, the date of the audit report.

Other Information

La Porte City Utilities
 Budgetary Comparison Schedule
 of Receipts, Disbursements, and Changes in Balance
 Budget and Actual (Cash Basis)

Other Information

Year ended June 30, 2015

	Proprietary Funds Actual	Budgeted Amounts		Final to Net Variance
		Original	Final	
Receipts:				
Use of money and property	\$ 2,925	4,719	4,719	(1,794)
Charges for service	2,496,961	2,517,820	2,517,820	(20,859)
Miscellaneous	47,446	121,000	121,000	(73,554)
Total receipts	2,547,332	2,643,539	2,643,539	(96,207)
Disbursements:				
Business type activities	2,568,573	2,574,944	2,798,263	229,690
Total disbursements	2,568,573	2,574,944	2,798,263	229,690
Excess (deficiency) of operating receipts over (under) operating disbursements	(21,241)	68,595	(154,724)	133,483
Other financing sources (uses), net	20,942	-	-	20,942
Excess (deficiency) of receipts and other financing sources (uses) over (under) disbursements and other financing sources (uses)	(299)	68,595	(154,724)	154,425
Balances beginning of year	1,779,809	1,458,517	1,779,809	-
Balances end of year	\$ 1,779,510	1,527,112	1,625,085	154,425

See accompanying independent auditor's report.

La Porte City Utilities

Notes to Other Information – Budgetary Reporting

June 30, 2015

The La Porte City Utilities prepares a budget on the cash basis of accounting and submits it to the City Council. In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon classes of disbursements known as functions, not by fund. The Utility's disbursements are budgeted in the business type activities function. During the year, one budget amendment increased budgeted disbursements by \$223,319. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2015, disbursements did not exceed the amount budgeted.

La Porte City Utilities
Schedule of the Utility's Proportionate Share of the Net Pension Liability
Iowa Public Employees' Retirement System
Last Fiscal Year*

Other Information

	<u>2015</u>
Utility's proportion of the net pension liability	0.474090%
Utility's Proportionate share of the net pension liability	\$ 188,018
Utility's covered-employee payroll	\$ 316,413
Utility's Proportionate share of the net pension liability as a percentage of its covered-employee payroll	59.42%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

* The amounts presented for each fiscal year were determined as of June 30.

See accompanying independent auditor's report.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Utility will present information for those years for which information is available.

La Porte City Utilities
Schedule of Utility Contributions

Iowa Public Employees' Retirement System
Last 10 Fiscal Years

Other Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contribution	\$ 28,255	27,703	24,932
Contributions in relation to the statutorily required contribution	<u>(28,255)</u>	<u>(27,703)</u>	<u>(24,932)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>
Utility's covered-employee payroll	316,413	310,222	287,564
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%

See accompanying independent auditor's report.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Utility will present information for those years for which information is available.

La Porte City Utilities

Notes to Other Information – Budgetary Reporting

June 30, 2015

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation

Supplementary Information

La Porte City Utilities
Combining Schedule of Cash Receipts, Disbursements And
Changes in Cash Balances
Enterprise Fund Accounts

As of and for the year ended June 30, 2015

	Electric	Water	Capital Improv Reserve	Debt Service	Meter Deposit
Operating receipts:					
Charges for service	\$ 1,923,894	573,067	-	-	-
Miscellaneous	41,786	4,591	1,069	-	-
Total operating receipts	1,965,680	577,658	1,069	-	-
Operating disbursements:					
Business type activities	1,718,921	205,546	-	8,475	-
Total operating disbursements	1,718,921	205,546	-	8,475	-
Excess (deficiency) of operating receipts over (under) operating disbursements	246,759	372,112	1,069	(8,475)	-
Non-operating receipts (disbursements):					
Interest on investments	262	1,003	-	-	1
Rental Income	893	-	-	-	-
Debt proceeds	-	-	-	-	-
Grant proceeds	18,887	-	-	-	-
Debt service	-	-	-	(389,823)	-
Capital Outlay	(131,093)	(102,210)	-	-	-
Total non-operating receipts (disbursements)	(111,051)	(101,207)	-	(389,823)	1
Excess (deficiency) of receipts over (under) disbursements	135,708	270,905	1,069	(398,298)	1
Operating transfers in	-	83,026	56,000	398,298	-
Operating transfers out	(219,785)	(234,513)	(83,026)	-	-
Total transfers in (out)	(219,785)	(151,487)	(27,026)	398,298	-
Change in cash balances	(84,077)	119,418	(25,957)	-	1
Cash balances beginning of year	813,947	472,296	364,432	-	9,879
Cash balances end of year	\$ 729,870	591,714	338,475	-	\$ 9,880
Cash Basis Fund Balances					
Restricted for:					
Debt service	\$ -	-	-	-	-
Reserve account	-	-	338,475	-	-
Customer deposits	-	-	-	-	9,880
Unrestricted	729,870	591,714	-	-	-
Total cash basis fund balances	\$ 729,870	591,714	338,475	-	\$ 9,880

See notes to financial statements

Water System Capital Project	Diesel Generator Improvement	Diesel Engine Reserve	Diesel Engine 2013	Total
-	-	-	-	2,496,961
-	-	-	-	47,446
-	-	-	-	2,544,407
-	-	-	-	1,932,942
-	-	-	-	1,932,942
-	-	-	-	611,465
-	-	747	19	2,032
-	-	-	-	893
2,055	-	-	-	2,055
-	-	-	-	18,887
-	-	-	-	(389,823)
(2,055)	-	-	(10,450)	(245,808)
-	-	747	(10,431)	(611,764)
-	-	747	(10,431)	(299)
-	-	-	-	537,324
-	-	-	-	(537,324)
-	-	-	-	-
-	-	747	(10,431)	(299)
-	10,000	95,342	13,913	1,779,809
-	10,000	96,089	3,482	1,779,510
-	-	-	-	-
-	10,000	96,089	3,482	448,046
-	-	-	-	9,880
-	-	-	-	1,321,584
-	10,000	96,089	3,482	1,779,510

La Porte City Utilities
Schedule of Indebtedness
Year ended June 30, 2015

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
Utility Revenue Notes -			
Electric Revenue Capital Loan Note	May 1, 2008	3.0 - 3.8%	\$ 885,000
Water Revenue Capital Loan Note	August 25, 2010	3%	3,000,000
Water Revenue Capital Loan Note	July 11, 2012	2%	600,000
Electric Revenue Capital Loan Notes	July 10, 2013	1.25% - 2.9%	1,100,000
			<u>\$5,585,000</u>

See accompanying independent auditor's report

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
\$ 140,000	-	140,000	-	5,320
2,663,000	-	120,000	2,543,000	79,890
325,370	-	15,425	309,945	5,723
1,100,000	-	-	1,100,000	23,465
<u>\$4,228,370</u>	<u>-</u>	<u>275,425</u>	<u>3,952,945</u>	<u>114,398</u>

La Porte City Utilities

Note Maturities

June 30, 2015

Year Ending June 30,	Water Revenue Capital			Water Revenue Capital		
	Loan Notes, Series 2010			Loan Notes, Series 2012		
	Issued August 25, 2010			Issued July 11, 2012		
	Interest Rates	Interest	Principal	Interest Rates	Interest	Principal
2016	3.00%	\$ 76,290	124,000	1.75%	5,460	16,000
2017	3.00%	72,570	128,000	1.75%	5,180	16,000
2018	3.00%	68,730	132,000	1.75%	4,900	16,000
2019	3.00%	64,770	136,000	1.75%	4,620	16,000
2020	3.00%	60,690	141,000	1.75%	4,340	17,000
2021-2025	3.00%	237,300	775,000	1.75%	17,130	90,000
2026-2030	3.00%	113,340	907,000	1.75%	8,960	99,000
2031-2032	3.00%	6,000	20,000	1.75%	1,103	42,000
		<u>\$ 699,690</u>	<u>2,543,000</u>		<u>51,695</u>	<u>312,000</u>

See accompanying independent auditor's report.

Electric Revenue Capital				
Loan Notes, Series 2013				
Issued July 10, 2013				
Interest Rates	Interest	Principal	Totals	
			Interest	Principal
1.25%	23,465.00	130,000.00	105,215.00	270,000.00
1.50%	21,840.00	130,000.00	99,590.00	274,000.00
1.75%	19,890.00	130,000.00	93,520.00	278,000.00
2.00%	17,615.00	135,000.00	87,005.00	287,000.00
2.25%	14,915.00	140,000.00	79,945.00	298,000.00
2.5-2.9%	24,380.00	435,000.00	278,810.00	1,300,000.00
	-	-	122,300.00	1,006,000.00
	-	-	7,103.00	62,000.00
	122,105	1,100,000	873,490	3,955,000

La Porte City Utilities

Schedule of Receipts by Source and Disbursements By Function
All Proprietary Funds

For the Last Ten Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Receipts:				
Charges for service	\$ 2,496,961	2,579,526	2,480,153	2,404,707
Use of money and property	2,925	3,334	4,720	3,979
Grant Proceeds	18,887	-	-	-
Miscellaneous	47,446	75,419	47,446	37,445
Loan proceeds	<u>2,055</u>	<u>1,226,816</u>	<u>1,121,950</u>	<u>1,150,972</u>
Total	<u>\$ 2,568,274</u>	<u>3,885,095</u>	<u>3,654,269</u>	<u>3,597,103</u>
Disbursements:				
Business-type	\$ 1,932,942	3,617,321	3,377,499	3,116,952
Debt service	389,823	-	-	313,669
Capital Outlay	<u>245,808</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,568,573</u>	<u>3,617,321</u>	<u>3,377,499</u>	<u>3,430,621</u>

See accompanying independent auditor's report

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
2,492,561	1,774,921	1,653,284	1,699,041	1,638,317	1,531,128
4,230	9,628	22,920	39,959	47,018	23,236
-	-	-	-	-	-
806,696	100,511	83,983	143,393	85,755	80,284
734,703	153,028	54,900	881,080	-	-
<u>4,038,190</u>	<u>2,038,088</u>	<u>1,815,087</u>	<u>2,763,473</u>	<u>1,771,090</u>	<u>1,634,648</u>
3,398,063	2,033,993	1,914,276	1,782,609	1,479,790	1,370,877
153,249	147,255	148,230	1,019,635	154,595	154,320
-	-	-	-	-	-
<u>3,551,312</u>	<u>2,181,248</u>	<u>2,062,506</u>	<u>2,802,244</u>	<u>1,634,385</u>	<u>1,525,197</u>

La Porte City Utilities



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Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Trustees of
the La Porte City Utilities:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States, the financial statement of the La Porte City Utilities, as of and for the year ended June 30, 2015, and the related Notes to the Financial Statements, and have issued our report thereon dated January 27, 2016. Our report expressed an unmodified opinion on the financial statement which was prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the La Porte City Utilities' internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the La Porte City Utilities' internal control. Accordingly, we do not express an opinion on the effectiveness of the La Porte City Utilities' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified deficiencies in internal control we consider to be material weaknesses and a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the La Porte City Utilities financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in the accompanying Schedule of Findings as item (A) to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings as item (B) to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the La Porte City Utilities' financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the Utility's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statement of the Utility. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

La Porte City Utilities' Responses to the Findings

The La Porte City Utilities' responses to findings identified in our audit are described in the accompanying Schedule of Findings. The La Porte City Utilities' responses were not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Utility's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Utility's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of La Porte City Utilities during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.

RIDIHALGH, FUELLING, SNITKER, WEBER, & CO., P.C., CPA'S

February 12, 2016

La Porte City Utilities

Schedule of Findings

June 30, 2015

Finding Related to the Financial Statement:

INTERNAL CONTROL DEFICIENCIES:

- (A) Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the Utility should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response – We will consider this.

Conclusion – Response acknowledged. The Utility should segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

- (B) Preparation Financial Statement - La Porte City Utilities does not employ an accounting staff with the technical expertise to prepare its financial statements (including footnotes disclosures) in conformity with accounting principles general accepted in the United States of America; therefore, it relies on its auditors to prepare such statements.

Response – The Utility feels that having the auditor draft the financial statement and notes is a tolerable situation. Internal financial statements are prepared monthly for reporting and decision making purposes. The requirements and form of the audited statements are different than the internal needs and change occasionally. Given the size of the organization, it is helpful to rely on the expertise of the auditors to monitor those requirements.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

La Porte City Utilities

Schedule of Findings

June 30, 2015

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2015 did not exceed the amounts budgeted.

Finding - The Utility adopted the budget amendment on June 10, 2015 rather than by the May 31, 2015 deadline as prescribed in Chapter 384.18 of the Code of Iowa.

Recommendation – The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa.

Response – The amended budget will be adopted before May 31st in the future.

Conclusion – Response accepted.

- (2) Questionable Disbursements – We noted no questionable disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

- (3) Travel Expense – No disbursements of Utility money for travel expenses of spouses of Utility officials or employees were noted.

- (4) Business Transactions – There were no business transactions between the Utility and Utility officials or employees.

- (5) Bond Coverage – Surety bond coverage of Utility officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

- (6) Board of Trustee Minutes – The minutes omitted information on action taken at the October 8, 2014 meeting. Per Chapter 21.3 of the Code of Iowa, each governmental body shall keep minutes of all its meetings showing the date, time and place, the members present, and the action taken at each meeting. The minutes shall show the results of each vote taken and information sufficient to indicate the vote of each member present. The vote of each member present shall be made public at the open session. The minutes shall be public records open to public inspection.

Finding - Per Chapter 21.3 of the Code of Iowa, the minutes must show information sufficient to indicate the vote of each member present.

Recommendation – The Utility should comply with Chapter 21.3 of the Code of Iowa.

Response – We will ensure our minutes are complete in the future.

Conclusion – Response accepted.

La Porte City Utilities

Schedule of Findings

June 30, 2015

Other Findings Related to Required Statutory Reporting:

Finding - Per Chapter 380.4 of the Code of Iowa, the minutes must show information sufficient to indicate that the passages of resolutions were by a majority vote of all the members of the Board rather than a majority vote of a quorum.

Recommendation - The Utility should comply with Chapter 380.4 of the Code of Iowa.

Response - We will ensure our minutes are complete in the future.

Conclusion - Response accepted.

- (7) Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of chapter 12B and 12C of the Code of Iowa and the Utility's investment policy.
- (8) Revenue Notes - No instances of non-compliance with the revenue bond requirements for the year ended June 30, 2015 were noted.